SECTION II - WINNING TODAY

The Navy and Marine Corps team continues to answer our Nation's call in the Global War on Terrorism (GWOT) and in the establishment of stability and security in the world's trouble spots. From combat operations in Iraq to tsunami relief efforts in Indonesia, the Navy and Marine Corps team has proven ready to meet any task and answer any challenge.

CONTINGENCY OPERATIONS

FY 2005 contingency operations include Operation Noble Eagle (Homeland Defense), Operation Enduring Freedom (Afghanistan, the horn of Africa, and related areas), and Operation Iraqi Freedom.

In order to ensure adequate resources are available for GWOT operations early in the fiscal year, the Congress appropriated $25 billion until a full year supplemental is approved. Other funds necessary to support GWOT operations during FY 2005 will be included in an additional supplemental appropriation request. The following table represents funds already appropriated specifically for this purpose.

Chart 4 - FY 2005 Bridge Supplemental

Department of the Navy Portion of War Related Appropriations			
$ (M)	**Navy**	**Marine Corps**	**TOTAL**
Military Personnel	28	242	269
Operation and Maintenance	367	1,658	2,025
Aircraft Procurement	79	-	79
Procurement of Ammunition	20	10	30
Procurement, Marine Corps	-	157	157
Total	**$494**	**$2,067**	**$2,560**

These funds have been applied to incremental costs associated with activation of Reserve personnel and units, increased fuel consumption and spare parts, additional maintenance supporting higher usage of equipment, deployment of medical capabilities (hospital ships and deployable fleet hospitals), extended communications and intelligence support, and related transportation costs. Additionally, investment items lost, damaged or in need of replacement resulting from increased "wear and tear" from the higher operating tempos are also

included. All these contingency or wartime costs are requested through supplemental appropriations or transfers.

GLOBAL WAR ON TERRORISM

Winning the Global War on Terrorism is our number one priority. We continue to support the GWOT through naval combat forces that are capable and relevant to the missions assigned. The Department has deployed various forces into the Central Command (CENTCOM) area of responsibility (AOR) to support in-theater deployment of Marine Corps combat units (and attached Navy medical personnel and construction battalion) and provide other sustainment support (such as port and cargo handling and supply support, medical support, mail and transportation, explosive ordnance).

Currently, over 34,000 Marines and approximately 17,000 Navy personnel are engaged in CENTCOM AOR supporting GWOT operations. The Marine Corps has taken part in combat operations and are now directly responsible for stability and security in Al Anbar Province, An Najaf, and Karbala. Their expeditious and innovative pre-deployment combat skills training program, rapid modifications of combat equipment to meet an evolving threat, and their emphasis on cultural and language capabilities have contributed to considerable accomplishments in this complex region. Marines are currently executing multiple security, urban combat, nation building, counter-insurgency, command and control, and force protection missions with great confidence and skill, in the face of an adaptable and dangerous enemy. Hundreds of naval medical personnel were deployed to Iraq in support of Marine forces, as well as over 1,000 active and reserve Navy Seabees responsible for construction support.

A carrier strike group and an expeditionary strike group have continuously been on station in the CENTCOM AOR, providing direct operational and combat support. For example, carrier based aircraft flew over 21,000 hours, dropped over 54,000 pounds of ordnance, and played a vital role in the fight for Fallujah. Naval coastal warfare and explosive ordnance detection forces provided security for Iraqi oil terminals and thwarted terrorist forces from disrupting the off-shore energy supply. The Navy has mobilized and provided additional forces to

augment Army operations, including medical support; Naval Expeditionary Logistic Support Forces, which have provided port handling and supply support; military police and other security forces.

In Afghanistan the Marine Corps provided, on short-notice, a regimental headquarters, an infantry battalion, and a combined arms Marine Expeditionary Unit. This Marine force was a major portion of the combined joint task force "Spring Offensive" to help set the conditions for the successful election that has advanced the process of establishing a secure and stable government in Afghanistan. They continue to provide both ground and aviation forces - currently an infantry battalion, elements of two helicopter squadrons, and training teams - to protect and foster this new democracy.

Because more than 95 percent of the world's commerce moves by sea, it is likely that terrorist networks utilize merchant shipping to move cargo and passengers. The United States naval forces are well trained to carry out the mission of deterring, delaying, and disrupting the movement of terrorists and terrorist-related material at sea.

During the year, the Navy and Marine Corps will conduct a major rotation of our CENTCOM deployed forces. Many of these units have previously deployed to this theater, but we continue to aggressively match our training, forces, and equipment to the changing threat.

HUMANITARIAN RELIEF EFFORTS

The Navy and Marine Corps team can rapidly respond to crises around the globe, whether they are humanitarian or combat-related without impeding our ongoing commitments to combating terrorism. For example, the Navy and Marine Corps provided support to evacuations of non-combatants from Liberia and an unexpected peacekeeping mission in Haiti. We continuously train for humanitarian assistance missions in order to respond rapidly and efficiently to large-scale disasters.

Today, the Navy and Marine Corps has led the way in providing assistance to the governments of Indonesia, Sri Lanka, Thailand and other affected nations as they deal with the effects of the earthquake and tsunami. Under the direction of the U.S. Pacific Command and the Combined Support Force, the Department of the Navy has had more than 8,500 Sailors and Marines afloat and 2,100 Marines

ashore providing humanitarian assistance to millions of people affected by the disaster that swept Southeast Asia on December 26th.

The forward posture and readiness for agile response that characterizes our Navy/Marine Corps team positions us to play an integral role in the Department of Defense's humanitarian efforts, alongside other federal and international agencies in support of nations affected by disaster. In Southeast Asia, our primary concern is to rapidly reduce the further loss of life and human suffering. We are doing this with the following assets:

- **USS Abraham Lincoln Carrier Strike Group (CSG),** including USS Shoup, USS Shiloh, USS Benfold, and USS Rainier arrived on January 1st near the coast of Sumatra, Indonesia.
- **USS Bonhomme Richard Expeditionary Strike Group**, including Marines from the 15th Marine Expeditionary Unit, USS Rushmore, USS Duluth arrived on January 3rd near the coast of Sumatra, Indonesia.
- **22 helicopters** and **five Amphibious Landing Craft, Air Cushioned** from USS Bonhomme Richard and **17 helicopters** from USS Abraham Lincoln CSG have delivered over 6 million pounds of relief supplies and equipment to date.
- **Nine P-3C Orion** reconnaissance and surveillance aircraft from Patrol Squadron EIGHT (VP-8) and elements of VP-4 based in Okinawa, Japan are supporting search and rescue operations.
- **High Speed Vessel Swift**, an aluminum-hulled catamaran, deployed from Naval Station Ingleside, Texas on January 3rd and will provide high-speed connectivity to the shore with its ability to transit shallow water.
- Six ships from **Maritime Prepositioning Squadron Three** loaded with stocks of food, fresh water and other relief supplies began arriving in the region on January 5th. These ships also provide heavy transport trucks, Hummvees, bulldozers, amphibious vehicles, and generators. The ships are carrying a total of 43 Reverse Osmosis Purification Water Units capable of producing 600 gallons of potable water/hour. Additionally, five of the six ships are each capable of making 25,000 gallons of fresh water per/day using the ship's evaporators. The water is pumped from ship to shore at a rate of 600 gallons/minute from up to 2 miles from shore.
- **USNS Mercy** hospital ship will serve as a base of operations and warehousing for joint U.S. military medical organizations and international nongovernmental and private relief organizations. The 1,000-bed hospital ship (currently configured to accommodate 250 patients) will support medical units ashore with internal medicine, pediatric, dental, OB/GYN, mental health and infectious disease control.
- A preventative medical team consisting of 31 personnel from **Navy Environmental and Preventive Medicine Unit** 6 are in Indonesia providing disease assessment and treatment. Consisting of

epidemiologists, entomologists and lab technicians, the team will monitor water quality, food sanitation and mosquitoes.

- Additionally, over 400 **Seabees** have deployed in the region to provide a variety of disaster recovery efforts such as clearing roads, removing debris, assessing damage, performing port surveys, and assisting in offloading Maritime Prepositioning Force ships.

HOMELAND SECURITY

Under the National Security Presidential Directive (NSPD-41) signed this past December, we are continuing to cultivate relationships and develop capabilities to maximize the advantage that operating in the maritime domain brings to homeland security. We are broadening our relationship with the navies of international allies to prosecute the GWOT. We are expanding the Proliferation Security Initiative to other countries and working bilateral boarding initiatives in all hemispheres.

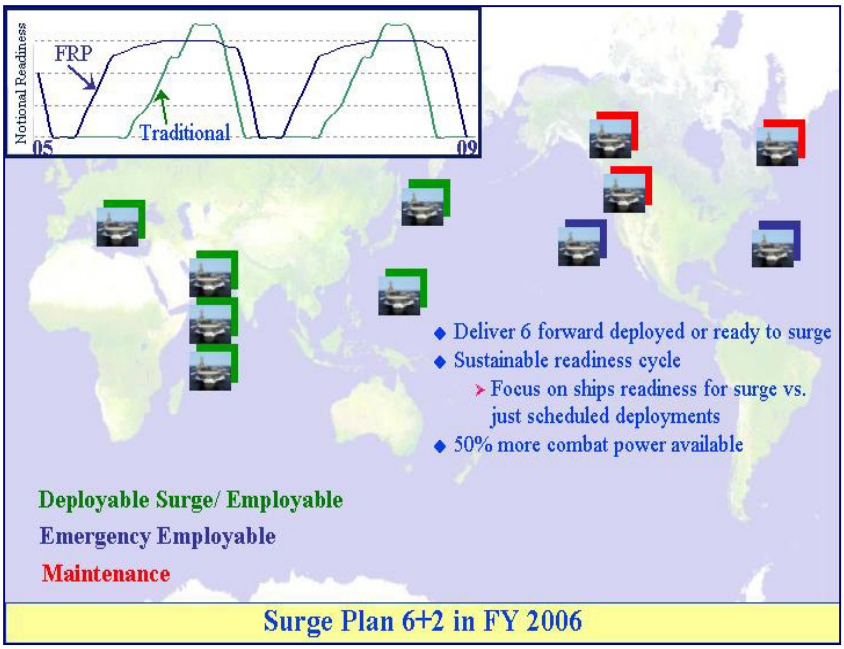
We are also integrating intelligence and command and control systems with other governmental agencies like the Department of Homeland Security to evaluate effectively the maritime environment and anything that could adversely influence the security, safety or economy of America and our allies. We are developing the Navy's role in the Maritime Domain Awareness concept, including ship tracking and surveillance, to identify threats as early and as distant from our borders as possible in order to determine the optimal course of action. We are working with the Department of Homeland Security to develop a comprehensive National Maritime Security Response Plan to address specific security threats and command and control relationships.

This past October, the Navy transferred four patrol craft to the U.S. Coast Guard for use in a homeland security role. Everything we do in the maritime domain will take into consideration the broad implications to homeland security.

READINESS

Our carrier strike groups (CSGs) and Marine Expeditionary Forces provide the capability called for in the National Military Strategy to shape the international environment and respond to the full spectrum of crises. Our budget provides for operational levels that will maintain the high personnel and unit readiness necessary to conduct the full spectrum of joint military activities. Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) demonstrated the responsiveness of current readiness levels.

The Global War on Terrorism requires that we operate differently. We continue our readiness transformation under the Fleet Response Plan (FRP), turning the Fleet into a more effective force by creating a culture of readiness; meeting new readiness and surge thresholds; changing manning, maintenance and training processes to support surge and deployment; and lengthening inter-deployment cycles. The focus is to enable the Fleet to be both forward deployed and also capable of surging substantial forces. The Navy will provide up to six CSGs within 30 days and two additional CSGs within an additional 60 days, for tasking in a national emergency ("6+2"). In order to attain this substantial surge force, the FRP modifies current ship and air wing operating cycles to extend the Inter-Deployment Readiness Cycle from 24 months to 27 months. In addition, the FRP modifies training and manpower processes. The FRP increases significantly the amount of time each ship and squadron is available for crisis response, "operationalizing" the Navy's readiness investment. The FY 2006/FY 2007 request includes resources in the operating accounts to sustain FRP, implemented in FY 2004. The Summer Pulse '04 fleet exercise demonstrated the Navy's ability to operate seven carriers simultaneously in five theaters.



The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Naval capabilities are often demonstrated through participation with allies and other foreign countries, in joint exercises, port visits, and exchange programs.

Operational activities include drug interdiction, joint maneuvers, multi-national training exercises, humanitarian assistance (including natural disaster, medical, salvage, and search and rescue), and when called upon contingency operations, such as in the Arabian Gulf, the Balkans, and Afghanistan/Northern Arabian Sea as part of Operation Enduring Freedom and Iraq as part of Operation Iraqi Freedom. On any given day, approximately 40,000 Sailors and 32,000 Marines in over 90 ships and bases are deployed to locations around the world. At times of heightened operations, these numbers often surge to higher levels.

Chart 5 - Navy/Marine Corps Today

Navy

- **90 ships deployed (31% of total)**
  - **141 ships underway (49% of total)**
- **3,373 activated reserves / 370,183 Active strength**
- **15 Navy ships delivered more than 5 million pounds of relief supplies and equipment to tsunami relief efforts**

Navy-Marine Corps team forward-deployed and ready

Marine Corps

- **First Marine Expeditionary Force (I MEF) preparing to redeploy**
- **III MEF forward deployed WESTPAC heavily involved in Tsunami relief efforts**
- **II MEF beginning to deploy**
- **13,138 activated reserves**
- **Active strength 177,894**

Chart 5 - Reflects Navy/Marine Corps operations as of 2 February 2005.

SHIP OPERATIONS

Battle Force Ships

The budget provides for a deployable battle force of 289 ships at the end of FY 2006 and 293 ships in FY 2007 as shown in Table 3. This level will support 11 aircraft carriers and 11 large amphibious ships as the base on which our carrier and expeditionary strike groups form for deployment.

In FY 2006, nine ships (four Guided Missile Destroyers (DDG), three Combat Logistic Ships (AKE), two Amphibious Helo/Landing Craft Carriers (LPD)) will be delivered, while five ships (one Cruiser (CG), one Nuclear Attack Submarine (SSN), two Amphibious Helo/Landing Craft Carriers (LHA/LPD), one Combat Logistics Ship (AOE)) will be inactivated.

Table 3
Department of the Navy
Battle Force Ships

	FY 2004	FY 2005	FY 2006	FY 2007
Aircraft Carriers	12	11	11	11
Fleet Ballistic Missile Submarines	14	14	14	14
Guided Missile (SSGN) Submarines	4	4	4	4
Surface Combatants	103	99	102	106
Nuclear Attack Submarines	54	55	54	53
Amphibious Warfare Ships	35	35	35	35
Combat Logistics Ships	34	32	34	36
Mine Warfare Ships	17	17	17	16
Support Ships	19	18	18	18
Battle Force Ships	**292**	**285**	**289**	**293**

Active Forces

The Department is determined to ensure the full readiness of the carrier strike groups (CSGs) and expeditionary strike groups (ESGs) that have been instrumental in the prosecution of the Global War on Terrorism. For FY 2006/FY 2007, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed operational requirements and overseas presence commitments in support of the National Military Strategy. The FY 2006/FY 2007 budget request supports the Fleet Response Plan (FRP), enabling ships to surge and reconstitute rapidly. The Department is now ready to provide six CSGs within the first 30 days of a potential conflict and two additional carrier groups within an additional 60 days. The budget provides funds necessary to achieve the active operational tempo (OPTEMPO) goal of 51 underway days per quarter for deployed forces and 24 underway days per quarter for non-deployed forces. The funding level supports the Global Naval Forces Presence Plan in terms of CSG and ESG requirements, as required by national security policy.

Non-deployed OPTEMPO provides primarily for the training of Fleet units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises. The extension of the training period under FRP allows for a reduction in non-deployed OPTEMPO while maintaining a combat ready and rapidly deployable force.

Chart 6 - Active Force Ship OPTEMPO

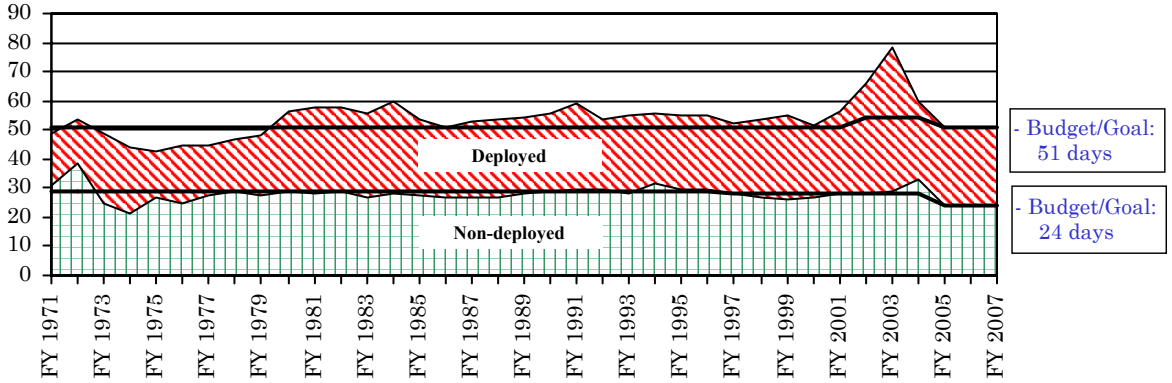


Chart 6 illustrates historical and budgeted OPTEMPO. The horizontal lines are the deployed and non-deployed budgeted goals. Fluctuations from the goals reflect real world operations.

Reserve Forces

The Naval Reserve force continues to integrate with the active force to achieve readiness goals. In FY 2006 and FY 2007, the Naval Reserve will consist of 15 Battle Force ships with nine FFGs, five MCMs, and one MHC. Table 4 reflects reserve battle force ships and their respective non-deployed steaming days.

Table 4
Department of the Navy
Significant Naval Reserve Force Factors

	FY 2004	FY 2005	FY 2006	FY 2007
Surface Combatants	9	9	9	9
Mine Warfare	6	6	6	6
Reserve Battle Force Ships*	**15**	**15**	**15**	**15**
Steaming Days Per Quarter				
Surface Combatants	18	18	18	18
Mine Warfare	28	18	18	18

** Also included in Table 3*

Mobilization

Mobilization forces provide rapid response to contingencies throughout the world. Sealift assets include prepositioning and surge ships. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as parenthetically noted in Table 5. Department of the Navy operation and maintenance appropriations reimburse the biennial exercise costs of the Hospital Ships and the Aviation Maintenance Ships, and will continue to fund the daily operating costs of the Maritime Prepositioning Ships (MPS). Each of three MPS squadrons supports a Marine Expeditionary Brigade for 30 days.

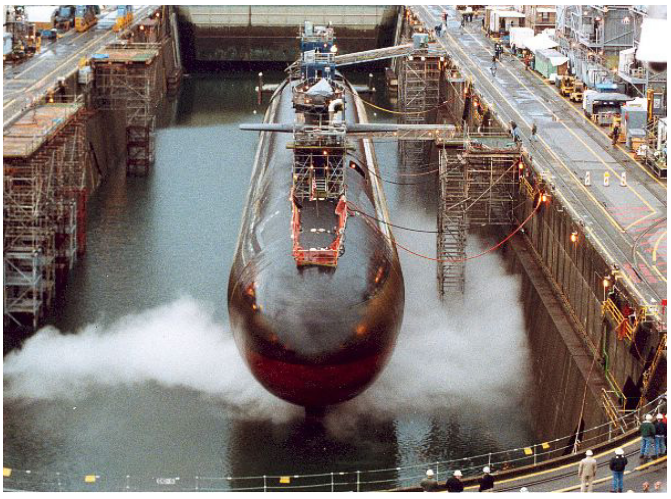
Table 5 displays the composition of Navy mobilization forces.

Table 5
Department of the Navy
Strategic Sealift

	FY 2004	FY 2005	FY 2006	FY 2007
Prepositioning Ships:				
Maritime Prepo Ships (O&M,N)	16	16	16	16
CENTCOM Ammo Prepo (O&M,N)	1	1	1	1
Army Prepo Ships (O&M,A)	10	10	10	10
Air Force Prepo Ships (O&M,AF)	4	4	4	4
DLA Prepo Ships (DWCF)	2	2	1	-
Surge Ships:				
Aviation Logistics Support (NDSF)	2	2	2	2
Hospital Ships (NDSF)	2	2	2	2
Fast Sealift Ships (NDSF)	8	8	8	8
Ready Reserve Force Ships (NDSF)	68	59	58	57
Large Medium-Speed RORO Ships (NDSF)	11	11	11	11
Prepositioning Capacity (millions of square feet)	5.7	5.7	5.7	5.7
Surge Capacity (millions of square feet)	9.3	9.0	9.0	9.0
Total Sealift Capacity (millions of square feet)	15.0	14.7	14.7	14.7

Ship Maintenance

The Department's active ship maintenance budget supports 97 percent of the notional O&M maintenance projection in FY 2006 and 94 percent in FY 2007. 100 percent of the SCN refueling overhaul estimates is funded in these years. The ship maintenance budget reflects the Fleet Response Plan, which lengthens periods between shipyard availabilities, yet creates a more employment-capable and responsive fleet that is able to surge and reconstitute rapidly. We have adjusted budgeted notional availabilities to reflect the recent experience of increasing depot maintenance requirements.



The ship maintenance process is a key component of Fleet Response Plan, maximizing carrier strike groups availability through a corporate enterprise approach. The following concepts outline the strategy to support both current and future readiness:

- *SHIPMAIN* - a "best business" practice that is changing the culture of getting ship repair work completed in a one-step process. Through new procedures, SHIPMAIN implements a refined process that eliminates time lags, prioritizes ship jobs, and empowers surface ship Sailors in the maintenance decisions that involve their own ships.
- *One Shipyard for the Nation* - an approach to best utilize the Nation's public and private nuclear shipyards and contractor support. It capitalizes on the ability to mobilize fleet support infrastructure across the board, and to rise to meet fleet demands in a time of war.
- *Regional Waterfront Maintenance Integration* - continued consolidation of depot and intermediate ship maintenance facilities forming Regional Maintenance Centers. Consolidating waterfront infrastructure eliminates redundancy in mission and administration while establishing a single pierside maintenance activity to support Sailors and their ships.
- *Multi-Ship/Multi-Option Contracts* - allows the executing agency to better plan work and take advantage of best repair capabilities. They will provide long-term vendor relationships throughout ships' training/deployment/maintenance/modernization cycles, in order to reduce costs through the benefits of advanced planning.

The Nation's ship repair base, which includes public and private shipyards, has the capacity to execute the FY 2006 and FY 2007 ship maintenance as well as deferred maintenance amounts reflected in Table 6. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes items that arose since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Table 6 reflect only those individual years' deferred maintenance, not a cumulative amount.

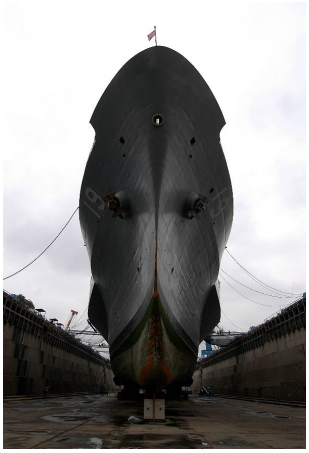


Table 6
Department of the Navy
Ship Maintenance
(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Active Forces				
Ship Maintenance	3,922	3,947	3,967	3,683
Depot Operations Support	1,147	1,034	833	944
Total: Ship Maintenance (O&MN)	**$5,069**	**$4,981**	**$4,801**	**$4,626**
Percentage of Projection Funded	95%	96%	97%	94%
Annual Deferred Maintenance	$98	$150	$123	$242
CVN Refueling Overhauls (SCN)	214	333	1,509	897
SSN Refueling Overhauls (SCN)	446	19	36	159
SSBN Refueling Overhauls (SCN)	105	334	274	217
Total: Ship Maintenance (SCN)	**$765**	**$636**	**$1,819**	**$1,237**
% of SCN Estimates Funded	100%	100%	100%	100%
Reserve Forces				
Ship Maintenance	77	91	72	63
Depot Operations Support	4	3	1	1
Total: Ship Maintenance (O&MNR)	**$81**	**$95**	**$73**	**$64**
Percentage of Projection Funded	95%	96%	97%	94%
Annual Deferred Maintenance	$4	$4	$2	$4

Note: Totals may not add due to rounding.

AIR OPERATIONS

Active Tactical Air Forces

The budget provides for the operation, maintenance, and training of ten active Navy carrier air wings (CVWs) and three Marine Corps air wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations, provide flexibility in dealing with a wide range of threats identified in the National Military Strategy, and provide long range and local protection against airborne and surface threats. ASW squadrons locate, destroy, and provide force protection against sub-surface threats, and conduct maritime surveillance operations. FAS squadrons provide vital fleet logistics and intelligence support. In FAT, the Fleet Readiness Squadrons (FRS) provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.

Reserve Air Forces

Reserve aviation will continue to provide vital support to the active force in FY 2006/FY 2007. The Reserves support all of the Department's adversary and overseas logistics requirements and a portion of the electronic training and counter-narcotics missions. The Navy Reserve also provides support to the active force through participation in various exercises and mine warfare missions.

This budget represents a less than normal peacetime requirement. In FY 2006, a $53 million cost avoidance is reflected in Operation and Maintenance, Navy Reserve flight operations, as some training hours will instead be flown in support of GWOT. Financing for GWOT operations will be requested in a supplemental appropriation.

Table 7 reflects active and reserve aircraft force structure.

Table 7
Department of the Navy
Aircraft Force Structure

	FY 2004	FY 2005	FY 2006	FY 2007
Active Forces	**18**	**18**	**18**	**18**
Navy Carrier Air Wings	10	10	10	10
Marine Air Wings	3	3	3	3
Patrol Wings	3	3	3	3
Helicopter Anti-Submarine Light Wings	2	2	2	2
Reserve Forces	**5**	**5**	**5**	**5**
Navy Tactical Air Wing	1	1	1	1
Patrol Air Wing	1	1	1	1
Helicopter Air Wing	1	1	1	1
Logistics Air Wing	1	1	1	1
Marine Air Wing	1	1	1	1
Primary Authorized Aircraft (PAA) - Active [1]	**2,466**	**2,404**	**2,352**	**2,288**
Navy	1,465	1,405	1,354	1,301
Marine Corps	1,001	999	998	987
Primary Authorized Aircraft (PAA) - Reserve	**397**	**382**	**358**	**353**
Navy	218	209	187	185
Marine Corps	179	173	171	168
Aircraft Inventory	**3,512**	**3,179**	**3,141**	**3,135**
Active	3,131	2,807	2,777	2,775
Reserve	381	372	364	360

[1] Does not include trainer or TACAMO aircraft.

The Active FY 2006/FY 2007 reduction in PAA reflects continuation of the helicopter consolidation plan and retirement of the F-14 and S-3 aircraft. For the Naval Air Reserve, the FY 2006/FY 2007 reduction in PAA reflects continuation of TACAIR Integration, as well as Active/Reserve Integration initiatives in the F-18 and P-3 communities.

Aircraft OPTEMPO

As discussed in previous sections, the Department has transitioned to the Fleet Response Plan (FRP). This high state of readiness represents the combined striking power of over 700 combat ready aircraft. Prior to the FRP, an average readiness rating of T-2.2 was sustained. The FRP will allow for a minimum T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase).

The flying hour program has been priced using the most recent cost per hour experience, including a higher cost for repair part pricing and usage. This is a manifestation of the Department's older type/model/series aircraft and will continue until our recapitalization program can appreciably reduce average aircraft age.

FRS operations are budgeted at 84 percent of the training requirement, enabling pilots to complete the training syllabus while taking into account execution limitations due to aircraft availability and weather. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. FAS funding provides sufficient hours to meet 96 percent of the total notional hours. The Naval Reserve is budgeted at 78 percent and 90 percent of the notional hours in FY 2006 and FY 2007, as indicated in Table 8. These flying hours reflect a cost avoidance reduction from 90 percent to 78 percent in FY 2006 in anticipation of continued operations in the GWOT. Monthly flying hours per crew also decrease correspondingly to 8.8 per month in FY 2006, but return to 10.2 per month in FY 2007.

Chart 7 displays historical flying hours.

Chart 7 - Flying Hour Program

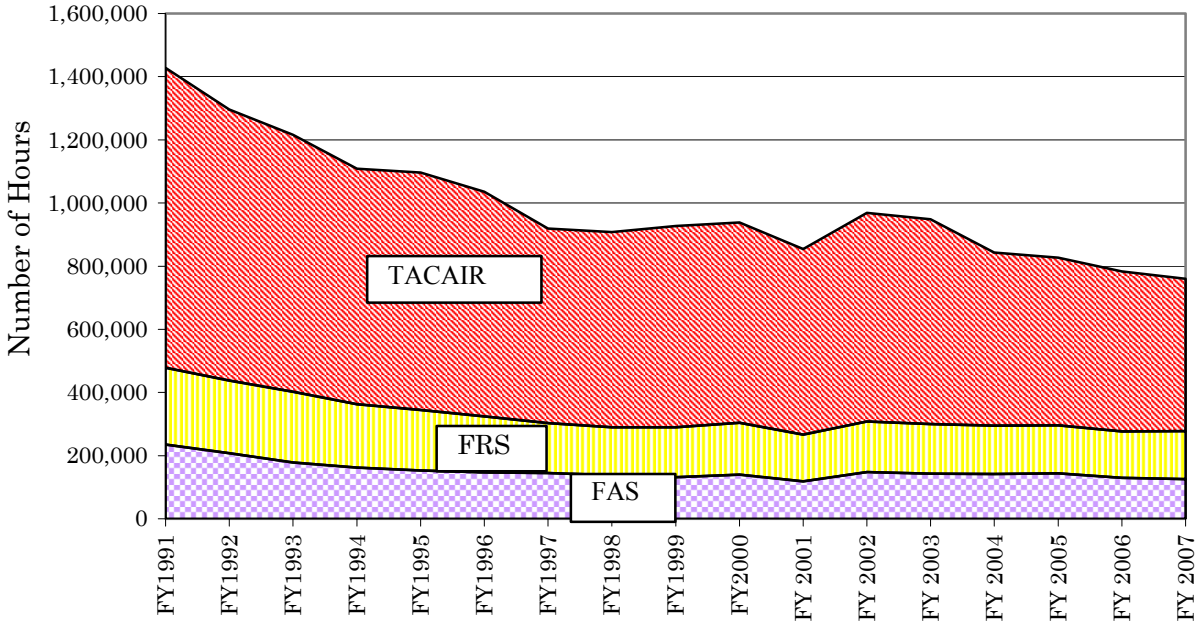


Table 8 displays active and reserve flying hour readiness indicators.

Table 8

Department of the Navy
Flying Hour Program

	FY 2004	FY 2005	FY 2006	FY 2007
Active				
TACAIR	*T-2.3*	*T-2.5*	*T-2.5*	*T-2.5*
Goal	*T-2.2*	*T-2.5*	*T-2.5*	*T-2.5*
Fleet Readiness Squadrons (%)	88%	84%	84%	84%
Goal	*88%*	*84%*	*84%*	*84%*
Fleet Air Support (%)	92%	96%	96%	96%
Goal	*92%*	*96%*	*96%*	*96%*
Monthly Flying Hours per Crew (USN & USMC)	19.3	19.2	19.1	18.9
Reserve				
Reserve Squadrons (%)	*T-2.2*	*T-2.3*	*T-2.8*	*T-2.3*
Percent of Requirement Funded	*100%*	*90%*	*78%*	*90%*
Goal	*100%*	*90%*	*90%*	*90%*
Monthly Flying Hours per Crew (USNR & USMCR)	11.3	10.2	8.8	10.2

Aircraft Depot Maintenance

The active and reserve aircraft depot maintenance programs fund repairs, conversions and overhauls, within available capacity, to ensure that a sufficient quantity of aircraft are available to operational units. The readiness-based model used to determine airframe and engine maintenance requirements is based on squadron inventory authorization necessary to execute assigned missions. The goal of the airframe rework program is to provide enough airframes to meet 100% PAA for deployed squadrons and 90% PAA for non-deployed squadrons. The engine rework program objective is to return depot-repairable engines/modules to Ready-for-Issue (RFI) status, to obtain both zero bare firewalls and fill 90% of each type/model/series RFI engine pool requirements. Other depot maintenance includes the repair of aeronautical components for aircraft systems and equipment under direct contractor logistics support.

Percent Navy Aircraft Mission Capable/Fully Mission Capable (MC/FMC)

	FY 2004	FY 2005	FY2006	FY2007	Goal
MC Aircraft	67	73	73	73	73
FMC Aircraft	49	56	56	56	56

The Department's budget for FY 2006/FY 2007 is sufficient to achieve the active and reserve engine and airframe readiness goals for deployed squadrons. Active non-deployed squadrons are funded to achieve 86 percent and 88 percent of the airframe goal for FY 2006 and FY 2007, respectively; reserve non-deployed squadrons are funded to achieve 87 percent and 81 percent of the airframe goal for FY 2006 and FY 2007, respectively. Deployed squadrons have sufficient aircraft and engines to meet requirements prior to and during deployment. Non-deployed squadrons also have sufficient aircraft and engines to satisfy post deployment readiness requirements associated with squadron and air wing training exercises.

To support a wide range of fleet operations and training, the Navy has targeted an aggregate aircraft Mission Capable (MC) rate of 73 percent and an aggregate Full Mission Capable (FMC) rate of 56 percent. This applies to both deployed and non-deployed aircraft.

Table 9 summarizes active and reserve aircraft depot maintenance.

Table 9

Department of the Navy

Aircraft Depot Maintenance

(Dollars in Millions)

	FY 2004	*% at Goal*	FY 2005	*% at Goal*	FY 2006	*% at Goal*	FY 2007	*% at Goal*
Active Forces								
Airframes	599		807		548		563	
Engines	353		304		329		357	
Other Components	71		73		85		59	
Total: Active Aircraft Depot Maintenance	**$1,023**		**$1,184**		**$962**		**$980**	
Airframes - Active Forces								
Deployed Squadrons meeting goal of 100% PAA	150	*100%*	148	*100%*	147	*100%*	140	*100%*
Non-Deployed Squadrons meeting goal of 90% PAA	162	*97%*	150	*89%*	142	*86%*	146	*88%*
Engines - Active Forces								
Engine TMS meeting Zero Bare Firewall goal	73	*100%*	71	*100%*	71	*100%*	70	*100%*
Engines TMS meeting RFI Spares goal of 90%	73	*100%*	67	*94%*	61	*86%*	60	*86%*
Reserve Forces								
Airframes	104		99		101		97	
Engines	35		32		41		39	
Total: Reserve Aircraft Depot Maintenance	**$13**		**$131**		**$142**		**$136**	
Airframes - Reserve Forces								
Non-Deployed Squadrons meeting goal of 90% PAA	64	*100%*	59	*95%*	52	*87%*	47	*81%*
Engines - Reserve Forces								
Engine TMS meeting Zero Bare Firewall goal	48	*100%*	48	*100%*	48	*100%*	48	*100%*
Engine TMS meeting RFI spares goal of 90%	48	*100%*	40	*83%*	44	*92%*	46	*96%*

Note: Totals may not add due to rounding.

Also refer to Appendix A for more information:	**Table**
Operation and Maintenance, Navy	A-5
Operation and Maintenance, Navy Reserve	A-7
National Defense Sealift Fund	A-17

MARINE CORPS OPERATIONS

Active Operations

In FY 2005, the United States is responding to a wide range of challenges across the globe, including fighting the Global War on Terrorism, rebuilding Iraq into a peaceful, productive member of the world community, and preventing the spread of weapons of mass destruction. In this era, the Nation needs forces that are highly mobile, flexible, and adaptable. These characteristics define the Marine Corps, and they must continue to do so in the future.

The operation and maintenance budget supports the Marine Corps operating forces, comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one infantry division, one air wing, and one force service support group. This budget provides for training and equipment maintenance so that Marine Corps Force Commanders can provide combat ready forces to the Combatant Commanders. The Marine Corps is establishing two additional Infantry Battalions.

MEFs provide a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force (MPF) assets, allows for the rapid deployment of appropriately sized and equipped forces. These forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations. Embedded within each MEF is the capability to source a Marine Expeditionary Brigade (MEB).

These funds also support the 4th MEB Anti-Terrorism (AT), whose mission is to detect, deter, defend, and conduct initial incident response to combat the threat of worldwide terrorism. The 4th MEB (AT) is the only MEB that has a permanently dedicated structure. The budget also continues the fielding of improved combat equipment and clothing for the individual Marine.

Table 10 displays Marine Corps land forces.

Table 10
Department of the Navy
Marine Corps Land Forces

	FY 2004	FY 2005	FY 2006	FY 2007
Number of Marine Expeditionary Forces	3	3	3	3
Number of Marine Expeditionary Brigades	4	4	4	4
Number of Active Battalions	51	52	53	53
Number of Reserve Battalions	21	21	20	20

Reserve Operations

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group, and the Mobilization Command created by the merger of the Marine Corps Support Activity and the Marine Corps Reserve Support Command. The Department's FY 2006/FY 2007 budget ensures that the readiness of the Reserve Force will be maintained by providing increased funding for training, base support, and the operation and maintenance of equipment.

Ground Equipment Depot Maintenance

Repair/rebuild is accomplished on a scheduled basis to maintain the readiness of the equipment inventory necessary to support operational needs. Items programmed for repair are screened to ensure that a valid stock requirement exists and that the repair or rebuild of the equipment is the most cost effective means of satisfying the requirement. This program is closely coordinated with the efforts funded in the Procurement, Marine Corps appropriation to ensure that the combined repair/procurement program provides a balanced attainment of inventory objectives for major equipment. Thus, the specified items to be rebuilt, both principal end items and components, are determined by a process which utilizes cost-benefit considerations as a prime factor. The rebuild costs for each item are updated annually on the basis of current applicable cost factors at the performing activities. This peacetime budget provides for the major repair and rebuild of USMC ground equipment and balances longer term risk with near term readiness for the Maritime Prepositioning Force and Marine Corps Operating Forces.

Table 11 summarizes Marine Corps active and reserve forces ground equipment depot maintenance.

Table 11

Department of the Navy

Marine Corps Ground Equipment Depot Maintenance

(Dollars in Millions)

	FY 2004		FY 2005		FY 2006		FY 2007	
	$	*% of Rqmt*	$	*% of Rqmt*	$	*% of Rqmt*	$	*% of Rqmt*
Active Forces								
Combat Vehicles	74.0	*73%*	25.0	*26%*	76.0	*53%*	79.0	*56%*
Tactical Missiles	2.0	*85%*	0.3	*86%*	0.1	*56%*	-	*-%*
Ordnance	7.0	*86%*	6.0	*87%*	2.0	*24%*	0.3	*5%*
Electrical Communication	23.0	*83%*	5.0	*18%*	7.0	*54%*	16.0	*73%*
Engineering	13.0	*75%*	6.0	*99%*	0.2	*2%*	1.0	*9%*
Automotive Equipment	51.0	*100%*	59.0	*98%*	28.0	*51%*	34.0	*49%*
Total Active Forces	**$170.0**	***82%***	**$101.3**	***51%***	**$113.3**	***50%***	**$130.3**	***53%***
Reserve Forces								
Combat Vehicles	3.0	*26%*	8.0	*70%*	12.0	*84%*	15.0	*70%*
Tactical Missiles	-	*-%*	0.1	*100%*	-	*-%*	-	*-%*
Ordnance	3.0	*99%*	0.1	*100%*	0.1	*10%*	-	*-%*
Electrical Communication	3.0	*74%*	0.1	*3%*	-	*-%*	0.1	*3%*
Engineering	0.3	*93%*	0.6	*42%*	0.1	*2%*	1.0	*23%*
Automotive Equipment	0.3	*41%*	3.0	*78%*	2.0	*72%*	2.0	*78%*
Total Reserve Forces	**$9.6**	***52%***	**$11.9**	***63%***	**$14.2**	***65%***	**$18.1**	***56%***
Total Active & Reserve Forces	**$179.6**		**$113.2**		**$127.5**		**$148.6**	

Also refer to Appendix A for more information:	**Table**
Operation and Maintenance, Marine Corps	A-6
Operation and Maintenance, Marine Corps Reserve	A-8